



Office of Audits
Office of Inspector General
U.S. General Services Administration

IMPLEMENTATION REVIEW OF CORRECTIVE ACTION PLAN

Audit of Management Controls
Within the Network Services Division
Pacific Rim Region,
Federal Acquisition Service
Report Number A110100/Q/9/P12009
Dated May 30, 2012

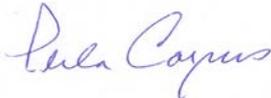
*Assignment Number A130113
February 5, 2014*



**Office of Audits
Office of Inspector General
U.S. General Services Administration**

DATE: February 5, 2014

TO: Ruth F. Cox
Regional Administrator (9A)



FROM: Perla Corpus
Audit Manager
Pacific Rim Field Audit Office (JA-9)

SUBJECT: Implementation Review of Corrective Action Plan:
Audit of Management Controls Within the
Network Services Division Pacific Rim Region,
Federal Acquisition Service
Report Number A110100/Q/9/P12009, dated May 30, 2012
Assignment Number A130113

We have completed an implementation review of the management actions taken in response to the recommendations contained in the subject audit report (**Appendix A**). The objective of our review was to determine whether regional management of the Federal Acquisition Service (FAS) has taken corrective actions as outlined in the Action Plan for the Audit of Management Controls within the Network Services Division Pacific Rim Region. To accomplish our objective we:

- Reviewed the subject audit report, recommendations, and the approved action plan;
- Reviewed documentation submitted by FAS to the Office of Administrative Services Government Accountability Office/Inspector General Audit Response Division (H1C); and
- Held discussions with regional FAS management and personnel.

Although FAS addressed the audit recommendations in its July 30, 2012, Action Plan, we determined that it had not taken all corrective actions. In its January 9, 2014, response, FAS submitted a revised corrective action plan, addressing open Recommendations 1 and 5d (**Appendix B**). We also included management's written comments in **Appendix C**. FAS regional management must also submit the revised corrective action plan within 30 days to the Government Accountability Office/Inspector General Audit Response Division (H1C).

If you have any questions regarding this report, please contact me or any member of the audit team at the following:

Perla Corpus	Audit Manager	Perla.Corpus@gsaig.gov	(415) 522-2733
Sanford Weitzner	Auditor-In-Charge	Sanford.Weitzner@gsaig.gov	(415) 522-2749

On behalf of the audit team, I would like to thank you and your staff for your assistance during this review.

Background

The FAS Network Services Division (NSD) assists customer agencies on a broad range of telecommunication solutions/services. On May 30, 2012, we issued an audit report to FAS entitled *Audit of Management Controls Within the Network Services Division Pacific Rim Region, Federal Acquisition Service*. The purpose of the audit was to determine whether management controls within the NSD's financial and program operations in the Pacific Rim Region were sufficient to ensure adherence to federal regulations and policy; and if not, determine the impact and suggest corrective action.

Our audit determined that:

- NSD lacks inventory control procedures.
- NSD lacks written procedures and management controls over contract administration.
- NSD management needs to establish effective criteria for evaluating staff performance.

To address the issues identified in the report, we recommended that the FAS Regional Commissioner in the Pacific Rim Region should:

1. Conduct a comprehensive inventory of recurring services (B1) to identify errors, missing transactions, and outdated or expired services.
2. Ensure accurate accounting of the recurring services inventory by developing and implementing written procedures and management controls for training NSD employees on how to update and monitor the inventory.
3. Take action to ensure contracting officer's technical representatives receive all required acquisition training.
4. Clearly define roles, responsibilities, and expectations for the newly appointed Branch Chiefs.
5. Develop and implement written procedures in the following areas:
 - a. Compliance with training mandates for contracting officer's technical representatives.
 - b. Management oversight of independent contract employees.
 - c. Compliance with Fair Opportunity requirements under local services acquisition contracts for client requested telecommunication services.
 - d. Justification to award telecommunication services under tariff agreements.
 - e. Timely completion of customer orders in its Telecommunications Ordering & Pricing System (TOPS).
6. Re-evaluate and revise NSD's Associate Performance Plans to accurately reflect employees' skill sets.

7. Develop and implement a methodology to measure customer satisfaction with employee performance; this methodology should be included in the Associate Performance Plans.

The FAS Regional Commissioner of the Pacific Rim Region concurred with the audit report findings and recommendations.

Results

Our implementation review determined that the following corrective actions have not been taken:

- In response to Recommendation 1, the NSD has not fully met its corrective action plan. NSD's action plan step included procuring outside support for auditing its TOPS inventory of recurring services for financial accuracy. The NSD awarded a consultant contract on February 7, 2013, that covered a 6-month period of performance, but did not exercise the option due to the lack of progress by the consultant.¹ We determined that the majority of the TOPS discrepancies had not been resolved. FAS indicated that a TOPS inventory audit would not be completed until February 2014, one year after the date of completion as stated in the Action Plan (**Appendix A**). However, NSD did not provide an updated Action Plan on how the remainder of the inventory inaccuracies will be resolved. Therefore, NSD has not fully met Recommendation 1 of the audit report.
- In response to Recommendation 5d, the NSD has not developed and implemented procedures for the justification to award telecommunication services under tariff agreements. Therefore, this recommendation remains unresolved.

Management's Comments

FAS partially concurred with our determination regarding the consultant and a lack of an updated Action Plan for Recommendation 1. FAS acknowledged that additional in-house effort is needed to resolve the inventory discrepancies and submitted a revised action plan extending the date of completion until March 31, 2015. FAS disagreed with our assessment that the majority of TOPS inventory discrepancies had not yet been resolved. Based on the current status, FAS indicated significant progress in correcting TOPS inventory. However, management has not presented us with documents to support that the majority of discrepancies have been resolved. FAS addressed Recommendation 5d by issuing written procedures to justify the award of telecommunication services under tariff agreements. Management's revised action plan

¹Based on the Notice-to-Proceed, dated February 1, 2013, and the contract, the initial performance period was for a 6-month base period (through July 31, 2013) valued at \$500,000 with two 3-month options (at \$225,000 each) or a total contract value of \$950,000.

for Recommendation 1 and its action plan for Recommendation 5d are included in **Appendix B**. In addition, management's written response is noted in **Appendix C**.

Action Required

The revised corrective action plan must be submitted within 30 days to the Government Accountability Office/Inspector General Audit Response Division (H1C) showing the new corrective actions planned.

Appendix A – Action Plan for Report Number A110100/Q/9/P12009

Audit Report Number/Title	Recommendation Number	Completion Date
A110100/Audit of Management Controls within the Network Services Division Pacific Rim Region, Federal Acquisition	1	Ongoing, with Completion Scheduled February 2013

Recommendation: Conduct a comprehensive Inventory of recurring services (B1) to identify errors, missing transactions, and outdated or expired services.

<u>Step</u>	<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to Be Provided</u>	<u>Documentation will be sent by (date)</u>
1	Procure outside support (contractors) for Subject Matter Experts (SMEs) on telecommunications and TOPS (Telecommunications Ordering & Pricing System) for auditing the system (phone bills and customer service records) for financial accuracy.	Strategy and Action Plan Initiative (SAPI) Approval- <i>Attachment 2</i>	7/24/2012
2	TOPS Auditing (this will also address Recommendation 5)	Deliverables/Findings a result of Contractor support	2/14/2013

Appendix A – Action Plan for Report Number A110100/Q/9/P12009 (cont.)

Audit Report Number/Title	Recommendation Number	Completion Date
A110100/Audit of Management Controls within the Network Services Division Pacific Rim Region, Federal Acquisition	2	Ongoing, with Completion Scheduled Jan. 2013

Recommendation: Ensure accurate accounting of the recurring services inventory by developing and implementing written procedures and management controls for training NSD employees on how to update and monitor the inventory.

Step	Action to be Taken Step by Step	Supporting Documentation to Be Provided	Documentation will be sent by (date)
1	Load new local services contracts and CLINS (also address Recommendation 5)	Transition Schedule	10/14/2012
2	Create standard process of updating TOPS records	TOPS Records Update and Process Documents (various) -Attachments 3-7 Transition Process Spreadsheet- Attachment 8	7/24/2012

Appendix A – Action Plan for Report Number A110100/Q/9/P12009 (cont.)

Audit Report Number/Title	Recommendation Number	Completion Date
A110100/Audit of Management Controls within the Network Services Division Pacific Rim Region, Federal Acquisition	3	Completed as of July 2012

Recommendation: Take action to ensure contracting officers' technical representatives receive all required acquisition training.

<u>Step</u>	<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to Be Provided</u>	<u>Documentation will be sent by (date)</u>
1	Manage COR Certification Program and ensure NSD personnel meet training requirements for certification and maintain continuing education learning points – Google document is used to track training for ATMs. Action has been taken in June 2012 to significantly reduce and number of ATMs with limited warrants.	OFFP Certification Program Memo available on OFFP website and regional Directive, Issued 5/14/2012 – Attachment 10.	7/24/2012

Appendix A – Action Plan for Report Number A110100/Q/9/P12009 (cont.)

Audit Report Number/Title	Recommendation Number	Completion Date
A110100/Audit of Management Controls within the Network Services Division Pacific Rim Region, Federal Acquisition	4	Ongoing, with Completion November 2012

Recommendation: Clearly define roles, responsibilities, and management's expectations for newly appointed Branch Chiefs.

<u>Step</u>	<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to Be Provided</u>	<u>Documentation will be sent by (date)</u>
1	Re-organize NSD, Create Branches (Cross-referenced with Recommendations 4-6)	Updated GSA, FAS, NSD Organizational Chart – <i>Attachment 9</i>	7/24/2012
2	Create Branch Charter for NSD, Project Branch	Project Branch Charter	11/14/2012
3	Create Branch Charter for NSD, Customer Care Branch	Customer Care Branch Charter	11/14/2012
4	Create NSD-Specific Position Description (PD) for Branch Chief, Project Branch	PD in draft form; will be routed through Human Resources for Review/Input	11/14/2012
5	Create NSD-Specific Position Description (PD) for Branch Chief, Customer Care Branch	PD in draft form; will be routed through Human Resources for Review/Input	11/14/2012

Appendix A – Action Plan for Report Number A110100/Q/9/P12009 (cont.)

Audit Report Number/Title	Recommendation Number	Completion Date
A110100/Audit of Management Controls within the Network Services Division Pacific Rim Region, Federal Acquisition	5	Ongoing, with Completion November 2012

Recommendation: Develop and implement written procedures in the following areas: (a) compliance with training mandate for contracting officers' technical representatives; (b) management oversight of contract employees; (c) compliance with fair opportunity requirements under local services acquisition contracts for client requested telecommunications services; (d) justification to award telecommunications services under tariff agreements, and; (e) timely completion of customer orders in TOPS.

Step	Action to be Taken Step by Step	Supporting Documentation to Be Provided	Documentation will be sent by (date)
1	Manage COR Certification Program and ensure NSD employees meet training requirements for certification and continue to maintain continuous learning points – Google Docs being used to track training for ATMs with access to employees to monitor their training in concert with management.	OFFP Certification Memo (FAC-COTR/COR) available on OFFP website and Regional Directive issued 5/14/2012 – <i>Attachment 10</i>	7/24/2012
2	Management Oversight of Contract Employees: Contractors were part of National APTIS contract and provided support for Networkx transition. This transition is complete and contract support for this effort has ended. No action Required to be taken.	None Required	N/A
2	Create standard process for updating TOPS records and other processes for proper oversight and allocation of resources.	TOPS records Update and Process Documents (various) – <i>Attachments 3-7</i>	7/24/2012
3	Create process and matrices of roles/responsibilities of NSD employees (technical responsibilities), including knowledge of contracting/fair opportunity.	Transition Process Spreadsheet – <i>Attachment 8</i>	7/24/2012

Appendix A – Action Plan for Report Number A110100/Q/9/P12009 (cont.)

Audit Report Number/Title	Recommendation Number	Completion Date
A110100/Audit of Management Controls within the Network Services Division Pacific Rim Region, Federal Acquisition	6	Ongoing, with Completion November 2012

Recommendation: Re-evaluate and revise NSD's Associate Performance Plans to accurately reflect employee's skill sets

<u>Step</u>	<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to Be Provided</u>	<u>Documentation will be sent by (date)</u>
1	Create NSD-specific position descriptions (PDs) for Project Branch Chief and employees	PDs (currently being developed with subsequent review/endorsement by Human Resources)	11/14/2012
2	Create NSD-specific position descriptions (PDs) for Customer Care Branch Chief and employees	PDs (currently being developed with subsequent review/endorsement by Human Resources)	11/14/2012

Appendix A – Action Plan for Report Number A110100/Q/9/P12009 (cont.)

Audit Report Number/Title	Recommendation Number	Completion Date
A110100/Audit of Management Controls within the Network Services Division Pacific Rim Region, Federal Acquisition Service	7	Ongoing, with Completion November 2012

Recommendation: Develop and implement a methodology to measure customer satisfaction with employee performance; this methodology should be included in the Associate's Performance Plans.

Step	Action to be Taken Step by Step	Supporting Documentation to Be Provided	Documentation will be sent by (date)
1	Create NSD-specific position descriptions (PDs) for Project Branch employees	Project Branch employees' PDs (currently in draft form with pending review by Human Resources)	11/14/2012
2	Create NSD-specific position descriptions (PDs) for Customer Care employees	Customer Care Branch employees' PDs (currently in draft form with pending review by Human Resources)	11/14/2012
3	Create and Pilot Regional Customer Survey for FAS, Region 9 (voluntary use by employees)	Website URL	9/14/2012

Appendix B – Revised Corrective Action Plan for Report Number A110100/Q/9/P12009

Audit Report Number/Title	Recommendation Number	Proposed Recommendation Completion Date
A110100/Audit of Management Controls within the Network Services Division Pacific Rim Region, Federal Acquisition Service	1	Jan. 17, 2014

Recommendation: Conduct a comprehensive inventory of recurring services (B1) to identify errors, missing transactions, and outdated or expired services.

<u>Step</u>	<u>Action to be Taken Step by Step</u>	<u>Documentation will be sent last day of</u>
1	Complete HI LSA2. LSA2 Transition (est. Jan. 15, 2014)	Feb. 28, 2014
2	Complete AZ NV LSA2 Transition (est. May 31, 2014)	June 30, 2014
3	Complete CA LSA2 Transition (est. Apr. 30, 2014)	May 31, 2014
3	Perform fine tune all TOPS records upon completion of LSA 2 transitions (Project depending on resource availability within NSD Projects Branch)	(Est. Mar 31, 2015)

Appendix B –Revised Corrective Action Plan for Report Number A110100/Q/9/P12009 (cont.)

Audit Report Number/Title	Recommendation Number	Completion Date
A110100/Audit of Management Controls within the Network Services Division Pacific Rim Region, Federal Acquisition Service	5d	Jan. 17, 2014

Recommendation: Develop and implement written procedures in the following areas: (d) justification to award telecommunication services under tariff agreements.

Step	Action to be Taken Step by Step	Documentation will be sent last day of
1	Procedure sent for review by FAS Acting Regional Commissioner, NSD and AOD	Dec. 30, 2013
2	NSD issue final/approved version of procedure	Jan. 05, 2013
3	NSD distributes procedure as response.	Jan. 17, 2014

Appendix C – Management Comments



GSA Pacific Region

January 9, 2014

MEMORANDUM FOR HILDA GARCIA
REGIONAL INSPECTOR GENERAL FOR AUDITING
PACIFIC RIM FIELD AUDIT OFFICE (JA-9)

THRU: RUTH F. COX 
REGIONAL ADMINISTRATOR (9A)
PACIFIC RIM REGION

FROM: LESLIE C. YAMAGATA 
ACTING REGIONAL COMMISSIONER, FAS (9Q)
PACIFIC RIM REGION

SUBJECT: Action Plans for Audit No. A110100/P12009, Management
Controls within the Network Services Division, Pacific Rim,
Federal Acquisition Service

We appreciate the opportunity to respond to the subject Audit report, which was issued on May 30, 2012.

The attachment delineates our responses to the Report's recommendations. In addition, in accordance with said recommendations, we have completed revised action plans to address the two outstanding issues. You will find these deliverables attached herein.

Thank you for the opportunity to review the subject report. Should you have any questions, please feel free to contact Bernard (Bill) Caton at (415) 522-4536 or via email at bernard.caton@gsa.gov.

Attachments

U.S. General Services Administration
50 United Nations Plaza
San Francisco, CA 94102
www.gsa.gov

Appendix C – Management Comments (cont.)

Recommendation 1: Conduct a comprehensive Inventory of recurring services (B1) to identify errors, missing transactions, and outdated or expired services.

Report Number A110100/Q/9/P12009 (Assignment Number A130110), dated December 17, 2013, page 3 stated that in response to Recommendation 1, the NSD has not fully met its corrective action plan. NSD's action plan step included procuring outside support for auditing its TOPS inventory of recurring services for financial accuracy. The NSD awarded a consultant contract on February 7, 2013, that covered a 6-month period of performance, but did not exercise the option due to the lack of progress by the consultant.

We determined that the majority of the TOPS discrepancies had not been resolved. FAS indicated that a TOPS inventory audit would not be completed until February 2014, one year after the date of completion as stated in the Action Plan. However, NSD did not provide an updated Action Plan on how the remainder of the inventory inaccuracies will be resolved. Therefore, NSD has not fully met Recommendation 1 of the audit report.

FAS Management Response: Partially Concur with the following response:

We concur that the a consultant was procured in order to assist in the resolution of TOPS issues identified in the audit report; however, it was determined to be in the best interest of the Government to not exercise the option and utilize in house resources to continue the efforts by the contractor. We also agree that an updated action plan was not provided to the IG. The FAS, Network Services Division has provided this deliverable as an attachment to this response.

The Network Services Division, in concert with the Financial Service Center have made significant strides in resolving TOPS discrepancies during the transitional timeframe; consequently we are of the opinion that the information collected by the IG and the overall finding that the "majority of TOPS discrepancies ha[d] not been resolved" were based on old information. The Division continues to make significant headway with regard to resolve discrepancies.

Currently there are three ongoing projects in the region for service transitions to a Local Service Agreement 2:

1. **Hawaii:** current completion is at 97.5%. The transition of the remaining 2.5% services is dependent upon the creation of additional CLINs by the vendor HT. The CLINs were fully delivered on December 16 2013, and a contract modification to add them is estimated to be completed by December 31 2013. The project manager assigned to this project will complete the TOPS input for these remaining services by January 15 2013.

Appendix C – Management Comments (cont.)

2. **Arizona and Nevada:** the acquisition process for this area was completed in September 2013. New CLINs for 11 of 23 contract agreements have been added to TOPS, and the pilot orders for the 3 awarded vendors were issued in December 2013. The estimated project completion date is May 31 2014.
3. **California:** current completion is at 74%, and the remaining services are estimated to be completed by April 30 2014. This timeline for completion was estimated assuming that the number of cutovers resulting from the solicitation process do not exceed 20% of the remaining services. We also estimated that no further impact to transition services will happen with customer budget issues to install the new services as in the last two quarters of CY13.

During the transition process performed in all the three projects listed above, all the services transitioned via back office or cutovers have been inventoried and re-entered into TOPS by the assigned project managers. This is a major and essential step to improve accuracy. The inventory for each transitioned system is also verified and modifications to the task orders are issued to correct inventory discrepancies.

A further step to improve records accuracy is the comparison of the post transition updated TOPS records with the first post-transition invoice issued. The project manager assigned to the transition compares both and if discrepancies are found, either the vendor or the assigned project manager provides a new round of updates for correcting it, depending on where the issue resides.

In order to ensure that effective clean-up of the TOPS records has been accomplished, the Network Services Division will commence a top to bottom validation of the systems starting in the 3rd quarter of FY14.

Appendix C – Management Comments (cont.)

Recommendation 5d: In response to the *Implementation Review of Corrective Action Plan, Audit Management Controls within the Network Services Division Pacific Rim, Federal Acquisition Service Report Number A110100/P12009, May 30, 2012*, (Assignment Number A130113, dated September 17, 2013), FAS Management partially concurs that it had not fully developed and implemented procedures when the original audit (issued April 19, 2012) was issued. A general framework was established in handling tariff rates by NSD, however there was a paucity of detail and input on behalf of the Acquisition Operations Division (AOD). To this end, we have implemented the following which is responsive to Recommendation 5d in the aforementioned report.

Guidelines to Keep Services on Tariff Rates for Systems Transitioning to Local Services Agreement 2 (LSA2)

For CA and HI LSA2

There may be a need to allow for a pricing exception to keep a service on tariff rates as systems are transitioned to LSA2.

No Proposals Received. During the solicitation period, a situation may arise in which no bids are received from LSA2 vendors. This may occur because there is a single vendor of telephony services in a specific geographic area/region, and this vendor has no interest in providing differentiated rates. The evaluation team will work with the Contracting Officer for a decision on utilizing the sole provider for the service provisioning.

Proposal(s) Exceed Tariff. During the solicitation period, the bids received from the LSA2 vendors may be higher than tariff rates. The evaluation team will work with the Contracting Officer to reach a decision to provide services at best value which meets the needs of the customers and taxpayers.

For AZ and NV LSA2

Requirements Contract: for this area, the geographical scope and type of service represent a given bucket (locations and service types – local and trunking). When ordering services (new and transition), the determination of which contract to utilize is based on the geographical area and service type of the requirement. If a new order is placed against this agreement, NSD reviews each contract to determine under which contract to place the order. Once the respective contract is determined, the contractor is notified and an order is placed under the contract.

Appendix C – Management Comments (cont.)

Tariff Agreement Scenario and Process: in the rare instance where a contractor advises NSD that the specific address within one or more of their awarded buckets does not fall within their “commercially provided service area,” NSD notifies the Contracting Officer. The Contracting Officer and NSD assess which vendor provides service in that location. Orders for services in a location that are not covered under the commercially provided services of the LSA vendors will be provisioned under a tariff agreement.

Appendix D – Report Distribution

Regional Administrator (9A)

Acting Regional Commissioner, Federal Acquisition Service (9Q)

Network Service Division Director, Federal Acquisition Service (9QTC)

Division Director, GAO/IG Audit Response Division (H1C)

Inspector General (J)

Deputy Inspector General (JD)

Counsel to the Inspector General (JC)

Congressional Affairs Liaison (J)

Special Assistant for Communications (J)

Assistant Inspector General for Auditing (JA)

Staff Assistant (JA)

Deputy Assistant Inspector General for Acquisition Audits (JA)

Deputy Assistant Inspector General for Investigations (JID)

Director, Audit Planning, Policy, and Operations Staff (JAO)